

3 PRIMROSE STREET
NEWTOWN, CT 06470
Email www.newtown-ct.gov



TOWN OF NEWTOWN
LEGISLATIVE COUNCIL FINANCE COMMITTEE

FINANCE COMMITTEE AGENDA

The Legislative Council Finance Committee will hold a meeting on Tuesday, January 5, 2010 at 7:00 P.M. in the Municipal Board Room (currently Council Chambers) in the Newtown Municipal Center, 3 Primrose Street, Newtown, CT.

CALL TO ORDER

PUBLIC PARTICIPATION

MINUTES of last meeting December, 2009

UNFINISHED BUSINESS

None

NEW BUSINESS

Discussion and possible action:

- Budget Timetable
- Capital Improvement Plan Recommendations

PUBLIC PARTICIPATION

ANNOUNCEMENTS

ADJOURNMENT

Benjamin B. Spragg, Chairman

Cc: Town Clerk



TOWN OF NEWTOWN
OFFICE OF THE FINANCE DIRECTOR

Draft

2010 - 2011

BUDGET TIMETABLE

October 15, 2009	Departments Receive Budget Forms.
December 4, 2009	Completed Budget Forms to the Finance Director.
January 2010	Departments meet with Board of Selectmen.
February 8, 2010	Board of Selectmen submit Budget to the Board of Finance (no later than the 14 th)
February 18, 2010 (Thursday)	Board of Finance holds a public hearing on the Board of Selectmen and Board of Education proposed Budgets (no later than March 3 rd). (Publish 5 days prior to hearing: 2/12/10)
March 12, 2010	Board of Finance submit Budget to the Legislative Council (no later than March 14 th).
March 24, 2010 (Wednesday)	Legislative Council holds a Public Hearing on the Proposed Board of Finance Recommended Budget (no later than March 31 st). (Publish 5 days prior to hearing: 3/19/10)
April 14, 2010	Legislative Council Adopts Budget.
April 27, 2010	Annual Budget Referendum. (Publish 4/23/09)

CIP Recommendations

Already Being Done:

- 1) *Legislative Council should receive copies of information submitted to the Board of Finance at the start of the CIP process.*
- 2) *All CIP requests submitted by the Board of Selectmen and Board of Education should have detailed back-up information presented in a consistent manner.*
- 3) *Council members should be allowed to ask questions at the Board of Finance presentations made by the Board of Ed and the Board of Selectmen. If the Board of Finance feels this would be intrusive to its process, a separate presentation could be made to the Council so it can ask questions when the initial presentations are made. Council members should be allowed to submit questions in writing to the Chair of the Board of Finance during the CIP review so that they can be answered as part of the ongoing BOF review.*
- 16) *CIP requests should include an ESTIMATED EFFECT OF PROJECT ON OPERATING BUDGET.*

Can Be Implemented Without Changing CIP Regulations:

- 4) *A member of the Finance Subcommittee should attend each Board of Finance CIP meeting to report back on progress to the Council.*
- 5) *The Board of Finance should present its recommendation to the Council, and department heads should be present if they wish to make a case as to why they agree or disagree with the Board of Finance recommendations.*
- 6) *Following approval of the CIP by the Council, updates should be provided every two months by the First Selectman and Newtown School District Superintendent on the progress being made on the capital projects that are expected to be funded within 12 months of the CIP's approval.*
- 7) *Prior to the Finance Director going before the Board of Finance to organize the bond issue to fund the approved capital projects in the CIP, the Council should be briefed on the plans for bonding. At this point, the Council should have the option to advise which projects it would like to be kept as separate bonding resolutions as the Council may feel these projects may require additional discussion prior to the Council taking action on approving issuance of bonding for these projects.*
- 8) *The Finance Director works with the Board of Finance on the bonding package, keeping in mind the direction from the Council. The Board of Finance and Finance Director then bring the bonding resolutions to the Council for Council vote. This provides the Council the option to decide if it wants to bond certain projects based on the progress made on those projects.*

11) *Appropriate studies and written cost estimates should be provided prior to the Council approving CIP requests for bonding to ensure voters are voting on the best information possible.*

13) *Continuously post the CIP information on the town website throughout the CIP deliberation. This includes providing the voters with more detailed information on the bonding appropriation for a special town meeting or a town referendum. Provide the tax implication of a project so that voters understand the impact on their property taxes.*

14) *Provide quarterly update of the status of the CIP projects already approved for funding.*

15) *Track capital projects from the original date of request to completion date. Add ORIGINAL DATE OF REQUEST on the CIP request forms.*

17) *Provide the Board of Finance and the Legislative Council with a final financial report after a capital project is completed. This should include information on cost savings, cost overruns and in-kind services provided by town and school departments.*

20) *Clearly define the difference between a capital expenditure for maintaining and replacing vs. capital expenditure to add or expand the capital asset of the town. The latter should automatically be considered in the long-term planning process to maximize the tax dollars being spent.*

19) *Create a methodology for town agencies to perform a return on investment analysis to be included in the CIP requests.*

21) *Establish an integrated strategic long-range plan.*

Would Require Changes In CIP Regulations:

9) *The CIP process should be extended from five to 10 years. This provides for a longer-term outlook for capital spending.*

10) *No costs should be allowed in first or second year of the five-year CIP if they have not been submitted previously, unless they are emergency costs that could not be foreseen.*

18) *Consider approving the first year projects in the CIP at the time of appropriations. The projects should be fully vetted with solid cost estimates prepared so that the town is ready to seek voter approval for the bonding appropriation.*

CAPITAL IMPROVEMENT PLAN REGULATION

1. GOAL

The goal of the Board of Finance in adopting this regulation is to:

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- a) Prioritize, on a town-wide basis, proposed major capital projects
- b) Establish a consistent level of spending for such capital projects
- c) Integrate financial planning, budgeting and debt issuance for the Town
- d) Encourage careful project design

This Capital Improvement Plan (CIP) Regulation hereby:

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- a) Creates a process by which the Board of Finance adopts a proactive position regarding the capital expenditures of the Town of Newtown;
- b) Creates a process by which the Board of Finance identifies, prioritizes, evaluates, justifies, monitors, postpones or eliminates proposed capital expenditures;
- c) Creates a process by which the Board of Finance and the Legislative Council work compatibly in enacting Sections 1(B)a and 1(B)b.

2. DEFINITION

The Capital Improvement Plan is Newtown's five year program of Major Capital Purchases of a non-recurring nature. The CIP is based on assigned priorities which consider Town needs, desires, and mandates for various improvements and coincides with Newtown's current and anticipated financial capability to finance such improvements. The CIP shall be reviewed at least annually by the Board of Finance. The Board of Finance shall amend the CIP as required to address changing priorities and maintain the CIP at a five year projection time frame.

3. COMPOSITION

The Board of Finance is hereby charged with the responsibility of implementing the goals expressed above in Section 1A and 1B and all changes, additions and deletions to the CIP. In addition, among others, the Town Financial Director, First Selectman, Chairman of the Board of Education, Superintendent of Schools and Legislative Council members may advise the Board of Finance, but do not have voting privileges.

4. TIMING

Proposed purchases may be brought to the Board of Finance at any time, however, except for exigent circumstances, purchases not presented in the Board of Selectmen or Board of Education yearly five year CIP projection shall not be considered by the Board of Finance until the next June through October period. The Board of Selectmen shall submit its five year projected CIP proposal at the first regularly scheduled Board of Finance meeting in August. The Board of Education shall submit its five year projected CIP proposal at the first regularly scheduled Board of Finance meeting in June. The Board of Finance shall hold its review period from June through October.

5. ELIGIBILITY

To be eligible for inclusion in the CIP, a proposed purchase shall have an estimated cost that is at least twenty-five hundredths of one percent (.25%) of the Town budget for the year in which the request is made(excluding projects funded with loCIP money). Listed below are some of the guidelines which would make a request eligible for inclusion in the CIP assuming the proposed purchase meets the .25% requirement set above:

- a) Purchases requiring debt obligation;
- b) Acquisition of lease or land;
- c) Purchase of major equipment and vehicles with life expectancy of five years or more;
- d) Construction of new building facilities, including engineering, design and other preconstruction costs;
- e) Major building improvements that are not routine expenses including those that substantially enhance the safety of the occupants of the building and/or the longevity of the building itself;
- f) Major equipment or furnishing required for a new building or other projects;
- g) Major studies requiring the employment of outside professional consultants.

6. PROCESS OVERVIEW

All requests for inclusion in the CIP will adhere to the following process and shall be submitted on a form as prescribed by the Town Financial Director.

- a) Each Town Department shall submit to the Board of Selectmen, a prioritized list of proposed capital purchases.
- b) The Board of Selectmen will identify, prioritize and approve, on a town-wide basis purchases it proposes to include in the CIP, excluding items requested by the Board of Education.

The Board of Education will likewise identify, prioritize and approve purchases it proposes to be considered for placement on the CIP.

- c) The Board of Selectmen and the Board of Education shall also include in the request(s):
 - the identification of any revenues or reimbursements anticipated each year
 - financial impact statement as provided by the Town Financial Director
 - indication whether the item/project requested is eligible for LoCIP funds
- d) The Town Financial Director will review and compile the two lists to be presented to the Board of Finance.
- e) The Board of Selectmen and the Board of Education will then present their prioritized purchase request to the Board of Finance.
- f) The Board of Finance will consider all requests made through this process and determine those that will be recommended for inclusion in the CIP and those that are to be rejected or postponed. If rejected, the proposed purchase can be resubmitted to the appropriate Board at the first step of the process. If postponed, the request shall be reviewed by the Board of Finance with respect to its new priority level.
- g) The Board of Finance will prioritize, on a town-wide basis, all requests it approves for inclusion into the CIP, establish a time frame for proceeding with each purchase in view of the financial implications of such a purchase.
- h) The Board of Finance will forward its recommendation to the Legislative Council by November 30th. The Legislative Council may accept the plan in its entirety, reject any item or reduce any item in capital costs, or reduce any item in priority. Any new item addition, or increase in proposed capital expenditure for an item by the Legislative Council shall be referred back to the Board of Finance for further review and recommendation with written comment by the Legislative Council as to its reasoning. Within a reasonable time thereafter, the Board of Finance will resubmit its recommended CIP plan noting any changes it has made.
- i) The CIP plan approved by the Legislative Council shall be the single and final adopted CIP plan for the Town of Newtown, except should the Legislative Council not return a proposed plan by the Board of Finance to the Board of Finance for further review within sixty days of its submission, and not pass the final CIP plan presented by the Board of Finance within sixty days of submission to the Legislative Council, the proposed CIP plan presented by the Board of Finance shall be the single and final adopted CIP plan for the Town of Newtown.

7. PRIORITIZATION

The Board of Finance shall consider the following criteria during its prioritization:

- a) The cost of the purchase
- b) The impact of the purchase versus the benefit to the Town
- c) The year it will be implemented
- d) The source of financing
- e) The impact on future operating budgets
- f) The benefit of risk to the Town should the purchase not be made

8. TOWN BUDGET

All purchases which are proposed for the ensuing fiscal year and included in the final CIP by the Legislative Council shall be included as proposed expenditures in the budget presented to the Board of Finance. Except for exigent circumstances, any capital improvement expenditure that falls within Section Five of this Plan Regulation and is not contained in the CIP shall not be considered for implementation.

APPROVED:

BOARD OF FINANCE

SEPTEMBER 9, 2002

LEGISLATIVE COUNCIL

SEPTEMBER 18, 2002